



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

New World Trading Order Undercut by Regional Accords and Ecoprotectionism

The Political Economy of Agricultural Trade and Policy Toward a New Order for Europe and North America. Edited by Hans J Michelmann, Jack C Stabler, and Gary G Storey
Boulder, CO Westview Press, 1990, 242 pages, \$28.50

Reviewed by Mark V. Simone

The Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations have shown that the inextricable link between economics and politics can be a considerable obstacle for agricultural trade reform. *The Political Economy of Agricultural Trade and Policy Toward a New Order for Europe and North America* is an outgrowth of a conference held in Saskatoon, Saskatchewan, in March 1990 that addressed the ramifications of trade reform.

This collection of papers is accessible and readable. Readers with a cursory understanding of farm policies in Europe and North America will readily understand the authors' presentations. However, analysts of agricultural policy for the Uruguay Round will probably already know much of what is presented here.

The first section of the book covers the development of European Community (EC), Canadian, and the U.S. agricultural policies. Each chapter concludes with the motivation for reform (mainly budgetary) of agricultural policies in light of the Uruguay Round. The chapters ease the reader into the often complex agricultural policy milieu of developed countries.

Tracy's chapter provides a good overview of the EC's evolution and the need for Common Agricultural Policy (CAP) reform without dwelling on complicated CAP aspects such as monetary compensatory amounts and green rates. Tracy notes that the CAP "was not created in a vacuum but was an amalgam of existing national measures." He illustrates this point through examples of the struggle among the six founding members of the EC in forming the CAP.

Skogstad's chapter summarizes the agricultural policy process in Canada, revealing the differing policy orientations of the various commodity sec-

tors, from the supply-managed dairy and poultry sectors to the market-oriented hog and cattle industry. The obvious tensions in policy formation within Canada explain the evolution of Canada's current GATT position away from the United States. A discussion of the ramifications of Quebec's threatened secession over the failure of proposed constitutional reforms would have been insightful. Because Quebec has a significant portion of the dairy sector, with a strong political base, some changes in Federal policy orientation could be anticipated with Quebec's secession.

Rausser's chapter on the United States is the most ambitious and rigorous of the three. It utilizes his concept of predatory (PEST's) and productive (PERT's) agricultural policies, presenting several examples of both types in U.S. agriculture. U.S. agricultural policies, Rausser contends, are neither formed solely by the U.S. Government seeking welfare corrections of market failure nor by powerful, rent-seeking interest groups. Rather, policies result from tradeoffs between public and private interests.

The book's second section deals with the structural change of agriculture in the EC, Canada, and the United States, the growing pressures for reform of their agricultural policies, and the impact of GATT on this reform. The chapters complement each other well. Brinkman's chapter on structural changes is straightforward, containing tables ample with farm indicators in the EC, Canada, and the United States. The plethora of data shows that farming is on a much smaller scale in the EC relative to Canada and the United States. EC farmers are more dependent on agriculture for a livelihood than are Canadian and U.S. farmers, whose off-farm income continues to grow in importance.

Veeman and Veeman utilize the "tried and true" producer and consumer subsidy equivalents to depict increasing Federal support for agriculture during the 1980's and the budgetary exposure that prompted policy reform. They argue that the trends presented in Brinkman's chapter (increasing farm sizes, declining farm numbers, greater off-farm income) will continue and result in a movement toward market-oriented policies, accompanied by decoupled support to farmers truly in need. Such policies would be in contrast to current U.S. programs for grains and cotton, where the largest farms often accrue most of the benefits.

Simone is an agricultural economist in the Agriculture and Trade Analysis Division, ERS.

Josling chronicles the Uruguay Round for agriculture from its start in September 1986 up to the comprehensive final proposals in the fall of 1989. Josling portrays the Organization for Economic Cooperation and Development's publication of producer subsidy equivalents as a turning point in trade negotiations since "details of national policies were openly discussed for the first time in a quantitative framework." Not all agricultural economists will want to relive this period, but the chapter provides a detailed reference. The book's publication preceded the Round's current impasse over agriculture, but Josling prophetically admits that sweeping change in agricultural policies under the GATT "flies against all experience of recent history and ignores political realities."

The final section utilizes the topical phrase "new world order" to discuss possible change in agricultural policies. Runge portends the growing importance of nontariff barriers (NTB's) to trade in future trade negotiations, especially in the areas of health, safety, and the environment. He characterizes these NTB's as "ecoprotectionism." While I do feel that the Uruguay Round conclusion will ultimately be more modest than what Runge asserts, I have no qualms about his ecoprotectionism claim, particularly after the flap concerning the banning of U.S. beef and pork from the EC for health reasons and the continuing controversy over the growth hormone, bovine somatotropin (BST), in several countries.

Fulton and Storey address the possibility of a new world order for agricultural policy by looking at the evolution of agricultural policy from 1800 to the present in the United States, France, Germany, and Great Britain. Their approach is useful since it ties several important world events to policy changes, which often were a reaction to occurrences such as the Irish Potato Famine and Great Depression. In terms of the U.S. and EC wheat markets, the authors argue that a move to free trade would benefit the United States and reduce the EC agricultural budget but be politically untenable to the EC. As an alternative, they

suggest production controls in both regions, which would be less damaging to EC producers than would free trade. However, the collapse of various International Wheat Agreements during the 20th century makes me skeptical about market sharing for agricultural trade.

Since the publication of this book occurred before the December 1990 collapse of the GATT negotiations, several authors' optimism for a significant agreement on agriculture may have been premature. The conclusion of negotiations for a North American Free Trade Agreement (NAFTA) and the EC's 1992 economic integration program have possibly tarnished multilateral trading structures in favor of regional trading arrangements. However, politics and economics are often at loggerheads in these trade discussions. I would enjoy reading another compendium focusing on regional trade by these same authors.

The book features **The Political Economy of Agriculture**—"The Political Economy of Agriculture in the European Community" by Michael Tracy, "The Political Economy of Agriculture in Canada" by Grace Skogstad, "The Political Economy of Agriculture in the United States" by Gordon C. Rausser. **The International Agricultural and Trading Environment**—"Structural Change in Canadian, United States, and European Agriculture" by George L. Brinkman, "The Crisis in European and North American Agriculture" by Michele M. Veeman and Terrence S. Veeman, "The GATT: Its Historical Role and Importance to Agricultural Policy and Trade" by Tim Josling. **Prospects for a New World Agricultural Order**—"Prospects for the Uruguay Round in Agriculture" by C. Ford Runge, "A New World Agricultural Order?" by Murray Fulton and Gary G. Storey. **Conclusion**—"Concluding Remarks" by Hans J. Michelmann and Jack C. Stabler.

Suggestions to Contributors for Submitting Manuscripts to *The Journal of Agricultural Economics Research*

- 1 **SOURCE** Indicate how the material submitted is related to the economic research program of the U S Department of Agriculture and its cooperating agencies State your own connection with the program
- 2 **CLEARANCE** Obtain any approval required in your own agency or institution before sending your manuscript to one of the editors of *The Journal of Agricultural Economics Research* Attach a copy of such approval to the manuscript
- 3 **ORIGINALITY OF MATERIAL** It is our policy to print original material We consider alternative treatments of material published elsewhere, but such treatments need to differ substantially from the original approach When submitting your manuscript, identify related material either published or submitted for publication
- 4 **ABSTRACT** Include an abstract and at least three keywords when you submit your article The abstract should not exceed 100 words It should report the major findings of your research
- 5 **NUMBER OF COPIES** Submit three good copies
- 6 **TYPING** Double space everything, including abstract, footnotes, and references
- 7 **FOOTNOTES** Number consecutively throughout the article
- 8 **REFERENCES** Check all references carefully for accuracy and completeness Cite references in the text by using underscored numbers in parentheses that correspond to items in the reference section at the end of your article
- 9 **CHARTS AND OTHER ARTWORK** Use charts sparingly Keep design as simple as possible Submit all artwork in draft rather than in final form, accompanied by neatly prepared pages with essential data for replotting

ECONOMICS AND PHILOSOPHY

CAMBRIDGE
Journals

EDITORS

Daniel M Hausman, *University of Wisconsin*

Michael S McPherson, *Williams College*

Economics and Philosophy explores the foundations of economics as both a predictive/explanatory enterprise and a normative one The papers examine the relevance of economic techniques, methods and conclusions to philosophical questions in ethics and social theory The journal is designed to foster collaboration between economists and philosophers, and to bridge the increasingly artificial boundaries between them Each issue contains review essays, detailed book reviews, and continuing discussion on topics previously covered Recent issues have included papers on the rights to liberty in purely private matters, economics and hermeneutics, the impossibility of Parfit's Theory X, and the economic efficiency and equity of abortion

Economics and Philosophy (ISSN 0266-2671) is published twice a year Subscription to Volume 7 (1992) \$62.00 for institutions, \$31.00 for individuals, single parts \$32.00

Send orders to

CAMBRIDGE UNIVERSITY PRESS
40 West 20th Street
New York, NY 10011-4211

Outside the USA, Canada, and Mexico
CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building
Shaftesbury Road
Cambridge CB2 2RU, England

United States
Department of Agriculture
1301 New York Avenue, NW
Washington, DC 20005-4789

OFFICIAL BUSINESS
Penalty for Private Use, \$300

BULK RATE
POSTAGE & FEES PAID
USDA
PERMIT NO G-145

Want to Subscribe? **Time to Renew?**

Subscribe to the *Journal of Agricultural Economics Research* today! If you already subscribe to this timely periodical, note that expiration information about your subscription appears on the top line of your mailing label. **Expiration information will appear in one of three formats:** 1-AES-2 (this means you have TWO issues remaining in your subscription) or 940430 (expiration date is April 30, 1994) or APR94 (expiration date is April 1994). Disregard this notice if no renewal information appears. **Call toll free, 1-800-999-6779**, and tell us whether you want to subscribe or renew, or return this form to **ERS-NASS, 341 Victory Drive, Herndon, VA 22070.**

Journal of Agricultural Economics Research

- | | | | | |
|--|-----------------|---|--|--|
| <input type="checkbox"/> Yes! I want to start my subscription | <i>Domestic</i> | <input type="checkbox"/> 1 Year \$16 00 | <input type="checkbox"/> 2 Years \$30 00 | <input type="checkbox"/> 3 Years \$44 00 |
| <input type="checkbox"/> Yes! I want to renew my subscription | <i>Foreign</i> | <input type="checkbox"/> \$20 00 | <input type="checkbox"/> \$37.50 | <input type="checkbox"/> \$55 00 |

New subscribers:

Name _____
Address _____
City, State, Zip _____
Daytime phone (____) _____

Renewals:

ATTACH MAILING LABEL HERE

Payment method:

- Bill me
 Enclosed is \$ _____

Use purchase orders, checks drawn on U.S. banks (and in U.S. funds), cashier's checks, or international money orders. **Make payable to ERS-NASS.** Please do not send cash.

Credit card orders: MasterCard Visa Total charges \$ _____

Credit card number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Card expiration date:

--	--

MonthYear

For fastest service, call our toll-free order desk 1-800-999-6779 in the U.S. and Canada; other areas please call 703-834-0125, or FAX this page to 703-834-0110.